

HEALTH ANNUAL STATEMENT

FOR THE YEAR ENDING DECEMBER 31, 2003 OF THE CONDITION AND AFFAIRS OF THE

Statutory Home Office 2850 West Grand Boulevard (Street and Number) Detroit, MI 48202 (Oily or Town, State and Zip Code) Main Administrative Office 2850 West Grand Boulevard Detroit, MI 48202 (Oily or Town, State and Zip Code) Mail Address 2850 West Grand Boulevard (Oily or Town, State and Zip Code) Mail Address 2850 West Grand Boulevard (Oily or Town, State and Zip Code) Detroit, MI 48202 (Street and Number or P.O. Box) (Oily or Town, State and Zip Code) Detroit, MI 48202 (Oily or Town, State and Zip Code) (Oily or Town, State and Zip Code) Internet Website Address Statutory Statement Contact (Name) (E-mail Address) (City or Town, State and Zip Code) (Oily or Town, State and Zip Code) OFFICERS President Treasurer OFFICERS Secretary VICE PRESIDENTS DIRECTORS OR TRUSTEES State of County of The officers of this reporting entity, being duly swom, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims threenon, except as herein stated, and that this statement, together with related exhibits, schedules and explants therein contained, annexed or referred to is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NNIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ		1311 (2) (2) (3)	NAIC Company Code9	5464 Employer's ID Number	38-2598455
Licensed as business type: Life, Accident a Health [an State of Do	omicile or Port of Entry	⁄lichigan
Vision Service Corporation Property/Casualty Dental Service Corporation Vision Service Corporation Health Maintenance Organization Health Maintenance Organization Health Maintenance Organization Health Maintenance Organization Health Maintenance Organization	•		<u> </u>	•	Morngan
Vision Service Corporation [] Other [] Health Maintenance Organization [] Hospital, Medical & Dental Service or Indomnty [] Is HMO, Federally Qualificat? Yes [] No [] Incorporated 12/03/1984 Commenced Business O7/01/1986 Statutory Home Office 2859 West Grand Boulevard Detroit, MI 48202 City or Tism, State and Sp. Code) Organization of Detroit, MI 48202 Organization of Detroit, MI 48202 Organization of Bodes and Maintenance of Detroit, MI 48202 Organization of Bodes and Records Organization of Bodes Organization		116 A 11 1011 III 6 1			
Hospital, Medical & Dontal Service or Indomnity [] Is HMO, Federally Qualified? Yes [] No []	Licensed as business type:	,			
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Main Administrative Office Second Content	Incorporated	12/03/1984	Commenced Business	07/01/1986	6
Main Administrative Office Detroit Mid 48202 Special and Number S	Statutory Home Office				
Detroit, MI 48202 City or Town. State and 25 Crobe) City or Town. State and 25 Crobe) City or Town. State and 25 Crobe) City or Town. State and 26 Crobe) City or Town. State and 27 Crobe) City or Town. State and 28 Crobe) City or		(Street and	Number)	(City or Town, State and Zip C	Code)
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Mail Address			(Street at	313-872-8100	_
Severe and Number or P.O. Bool Severe and Number Severe	, ,	, ,			
Detroit, MI 48202 (Street and Number) (Area Code) (Telephone Number)	Mail Address				
Detroit, MI 48202 (City or Town, Status and Zip Code) (Reac Code) (Telephone Number) (Internet Website Address Statutory Statement Contact (E-rail Address) (E-rail Address) (E-rail Address) (FAX Number) (City or Town, State and Zip Code) OFFICERS Secretary VICE PRESIDENTS DIRECTORS OR TRUSTEES State of Countly of The efficers of this reporting entity, being duly evern, each depose and say that they are the described officers of said reporting entity, and that on the reporting parted stated above, all of the herein described assats were the absolute property of the said reporting entity, and what on the reporting parted stated above, all of the herein described assats were the absolute property of the said reporting entity, and that on the reporting parted stated above, all of the herein described assats were the absolute property of the said reporting entity, and what on the reporting parted stated above, all of the herein described assats were the absolute property of the said reporting entity, and that on the reporting parted stated above, all of the herein described assats were the absolute property of the said reporting entity, and that on the reporting parted stated above, and of its income and deductions therefore for the period ended which its, eschedules and explanations therein contained and the said reporting entity as of the reporting parted to a first and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting parted to a first and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting ent	Primary Location of Books a	nd Records	2850	0 West Grand Boulevard	
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Statutory Statement Contact (E-mail Address) (E-mail Address) (E-mail Address) (E-mail Address) (E-mail Address) (Street and Number) Detroit, MI 48202 (City or Town, State and Zip Code) (City or Town, State and Zip Code) (City or Town, State and Zip Code) OFFICERS President Treasurer VICE PRESIDENTS DIRECTORS OR TRUSTEES State of County of The officers of this reporting entity, being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the penod ended, and have been completed in accordance with the NIAC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. President Secretary Treasurer a. Is this an original filing? I lady of		,		(Area Code) (Telephone Number)	
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Policyowner Relations Contact Detroit, MI 48202 (City or Town, State and Zip Code) OFFICERS Secretary VICE PRESIDENTS DIRECTORS OR TRUSTEES State of County of County of The officers of this reporting entity, being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed referred to is a full and true statement of all the assets and liabilities and of the condition and affairs of said reporting entity are reporting period stated above, and of its income and deductions thereform for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. President Secretary Treasurer a. Is this an original filing? b. If no, 1. State the amendment number 2. Date filled	,)	(Area Code) (Telephone Number) (Ex	tension)
Detroit, MI 48202 State and Zip Code) Clay or Town, State or Clay or Clay or Town, State or Clay or Town, Stat		(E-mail Address)		(FAX Number)	
Detroit, MI 48202 State and Zip Code) Clay or Town, State or Clay or Clay or Town, State or Clay or Town, Stat	Policyowner Relations Conta	act	2850 West G	rand Boulevard	
OFFICERS Secretary VICE PRESIDENTS DIRECTORS OR TRUSTEES State of	•	(Street			
President Treasurer VICE PRESIDENTS DIRECTORS OR TRUSTEES State of					
State of	Treasurer				
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Subscribed and sworn to before me this day of day of 2004 1. State the amendment number 2. Date filed 2.	reporting period stated abov claims thereon, except as he or referred to is a full and tr period stated above, and of Statement Instructions and	re, all of the herein described a erein stated, and that this state rue statement of all the assets its income and deductions the Accounting Practices and Pro	assets were the absolute property ement, together with related exhib and liabilities and of the condition erefrom for the period ended, and dedures manual except to the ext	of the said reporting entity, free and coits, schedules and explanations therein and affairs of the said reporting entity have been completed in accordance tent that: (1) state law may differ; or,	clear from any liens or n contained, annexed ity as of the reporting with the NAIC Annual (2) that state rules or
3. Number of pages attached	Subscribed and sworn to before me this		Secretary	a. Is this an original filing? b. If no, 1. State the amendment number	
				3. Number of pages attached	

Exhibit 3 - A&H Premiums Due and Unpaid NONE

Exhibit 4 - Health Care Receivables

NONE

Exhibit 5 - Claims Unpaid NONE

Exhibit 6 - Amounts Due From Parent, Subs

Exhibit 7- Amount Due to Parent, Subs

EXHIBIT 8 PART 1- SUMMARY OF TRANSACTIONS WITH PROVIDERS

EXHIBITOT ATT 1 COMMANT OF TRANSPORTED WITH THOUSE HO											
	1	2	3	4	5	6					
	Direct Medical	Column 1	Total	Column 3	Column 1	Column 1					
	Expense	as a %	Members	as a %	Expenses Paid to	Expenses Paid to					
Payment Method	Payment	of Total	Covered	of Total	Affiliated Providers	Non-Affiliated Providers					
Capitation Payments:	·										
1. Medical groups	0	0.0	0	0.0							
2. Intermediaries	0	0.0		0.0							
3. All other providers	0	0.0		0.0							
Total capitation payments	0	0.0	0	0.0	0	0					
Other Payments:											
5. Fee-for-service	0	0.0	XXX	XXX							
Contractual fee payments	0	0.0	XXX	XXX							
Bonus/withhold arrangements - fee-for-service	0	0.0	XXX	XXX							
Bonus/withhold arrangements - contractual fee payments	0	0.0	XXX	XXX							
9. Non-contingent salaries	0	0.0	XXX	XXX							
10. Aggregate cost arrangements	0	0.0	XXX	XXX							
11. All other payments	4,815,744	100.0	XXX	XXX		4,815,744					
12. Total other payments	4,815,744		XXX	XXX	0	4,815,744					
13. TOTAL (Line 4 plus Line 12)	4,815,744	100 %	XXX	XXX	0	4,815,744					

EXHIBIT 8 - PART 2 - SUMMARY OF TRANSACTIONS WITH INTERMEDIARIES

1	2	3	4 Average Monthly Capitation	6 Intermediary's	7 Intermediary's Authorized Control Level RBC
NAIC Code	Name of Intermediary	Capitation Paid	Capitation	Intermediary's Total Adjusted Capital	Control Level RBC
	NONE				
					1

EXHIBIT 9 – FURNITURE, EQUIPMENT AND SUPPLIES OWNED

			1	2	3	4	5	6
	Description		ost	Improvements	Accumulated Depreciation	Book Value Less Encumbrances	Assets Not Admitted	Net Admitted Asset
Administrative furniture and equipment		INUN						
Medical furniture, equipment and fixtures								
3. Pharmaceuticals and surgical supplies								
Durable medical equipment								
5. Other property and equipment								
6. Total								

17. Amount Paid for Provision of Health Care Services

18. Amount Incurred for Provision of Health Care Services



ANNUAL STATEMENT FOR THE YEAR 2003 OF THE SelectCare HMO, Inc.

EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION (a)

REPORT FOR: 1. CORPORATION SelectCare HMO, Inc. (LOCATION) NAIC Group Code BUSINESS IN THE STATE OF Michigan **DURING THE YEAR 2003** NAIC Company Code 95464 Comprehensive 13 (Hospital & Medical) 10 Federal Employees Dental Title XVIII Title XIX Medicare Vision Health Benefit Stop Disability Long-Term Medicare Individual Total Group Supplement Only Only Plan Medicaid Income Care Other Loss Total Members at end of: Prior Year 2 First Quarter. 3 Second Quarter . 4. Third Quarter Current Year 6 Current Year Member Months **Total Member Ambulatory Encounters for Year:** Physician . 8. Non-Physician 9. Total 10. Hospital Patient Days Incurred 11. Number of Inpatient Admissions 12. Health Premiums Collected 13. Life Premiums Direct. 14. Property/Casualty Premiums Written. 15. Health Premiums Earned. 16. Property/Casualty Premiums Earned.

495,023

(967.957)

..(144,345)

(2,178,945)

(a) For health business: number of persons insured under PPO managed care products _____and number of persons under indemnity only products _____

.4,815,744

(11,877,795)

..4,465,066

(8,730,893)



EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION (a)

REPORT FOR: 1. CORPORATION (LOCATION) NAIC Group Code BUSINESS IN THE STATE OF Consolidated **DURING THE YEAR 2003** NAIC Company Code 95464 1311 (Hospital & Medical) 10 12 13 Federal **Employees** Vision Dental Health Benefit Title XVIII Title XIX Stop Medicare Disability Long-Term Group Other Total Individual Supplement Only Only Plan Medicare Medicaid Care Loss Income Total Members at end of: Prior Year 2 First Quarter 3 Second Quarter 4. Third Quarter Current Year 6 Current Year Member Months **Total Member Ambulatory Encounters for Year:** 7. Physician 8. Non-Physician 9. Total 10. Hospital Patient Days Incurred 0 0 11. Number of Inpatient Admissions 12. Health Premiums Collected 13. Life Premiums Direct 14. Property/Casualty Premiums Written 15. Health Premiums Earned. 16. Property/Casualty Premiums Earned 4.815.744 .4.465.066 495.023 .(144,345) 17. Amount Paid for Provision of Health Care Services (11.877.795) (2.178.945)18. Amount Incurred for Provision of Health Care Services (8.730.893 (967.957)

(a) For health business: number of persons insured under PPO managed care products 0 and number of persons under indemnity only products 0

SCHEDULE A VERIFICATION BETWEEN YEARS

1	Book/adjusted carrying value, December 31, prior year (prior year statement)
	Increase (decrease) by adjustment:
	2.1 Totals Part 1 Column 10
	2.2 Totals, Part 3, Column 7
3.	2.1 Totals, Part 1, Column 10
4.	Cost of additions and permanent improvements:
	4.1 Totals, Part 1, Column 13
	4.2 Totals, Part 3, Column 9
5.	Total profit (loss) on sales, Part 3, Column 14
6.	Increase (decrease) by foreign exchange adjustment:
	6.1 Totals, Part 1, Column 11
	6.2 Totals, Part 3, Column 8
7.	Amounts received on sales, Part 3, Column 11 and Part 1, Column 12
	Book/adjusted carrying value at end of current period
	Total valuation allowance
	Subtotal (Lines 8 plus 9)
	Total nonadmitted amounts
12.	Statement value, current period (Page 2, real estate lines, current period)
	SCHEDULE B VERIFICATION BETWEEN YEARS
1.	Book value/recorded investment excluding accrued interest of mortgages owned, December 31 of prior year
2.	Amount loaned during year:
	Amount loaned during year: 2.1 Actual cost at time of acquisitions 2.2 Additional investment made after acquisitions
	2.2 Additional investment made after acquisitions
	Accrual of discount and mortgage interest points and commitment fees
	Increase (decrease) by adjustment
	Total profit (loss) on sale
	Amounts paid on account or in full during the year
	Amortization of premium
	Increase (decrease) by foreign exchange adjustment
	Book value/recorded investment excluding accrued interest on mortgages owned at end of current period
	Total valuation allowance Subtotal (Lines 9 plus 10)
	Total nonadmitted amounts
	Statement value of mortgages owned at end of current period
	SCHEDULE BA VERIFICATION BETWEEN YEARS
	Book/adjusted carrying value of long-term invested assets owned. December 31 of prior year
2.	Cost of acquisitions during year: 2.1 Actual cost at time of acquisitions
_	2.2 Additional investment made after acquisitions
	Accrual of discount
	Increase (decrease) by adjustment
	Total profit (loss) on sale
	Amounts paid on account or in full during the year
	Amortization of premium
	Book/adjusted carrying value of long-term invested assets at end of current period
	Total valuation allowance
	Subtotal (Lines 9 plus 10)
	Total nonadmitted amounts

13. Statement value of long-term invested assets at end of current period ...

Schedule D - Part 1A - Section 1

NONE

Schedule D - Part 1A - Section 2

NONE

Schedule DA - Part 2

NONE

Schedule DB - Part A - VBY NONE

Schedule DB - Part B - VBY NONE

Schedule DB - Part C - VBY NONE

Schedule DB - Part D - VBY NONE

Schedule DB - Part E - VBY

NONE

Schedule DB - Part F - Section 1

NONE

Schedule DB - Part F - Section 2

NONE

Schedule S - Part 1 - Section 2

NONE

Schedule S - Part 2 NONE

Schedule S - Part 3 - Section 2

NONE

Schedule S - Part 4
NONE

Schedule S-Part 5 Five-Year Exhibit of Reinsurance Ceded Business (000 Omitted)

(000 Offitted)												
		1 2003	2 2002	3 2001	4 2000	5 1999						
Δ	OPERATIONS ITEMS											
^. `	T LIA TIONS IT LIMS											
1.	Premiums	0	0	0	0	0						
2.	Title XVIII-Medicare	0	0	0	0	0						
3.	Title XIX-Medicaid	0	0	0	0	0						
4.	Commissions and reinsurance expense allowance		0	0	0	0						
5.	Total hospital and medical expenses		0	0	0	0						
R	BALANCE SHEET ITEMS											
Б.	BALANCE SHEET HEMS											
6.	Premiums receivable		0	0	0	0						
7.	Claims payable		0	290	0	0						
8.	Reinsurance recoverable on paid losses	0	0	265	0	0						
9.	Experience rating refunds due or unpaid		0	0	0	0						
10.	Commissions and reinsurance expense allowances											
	unpaid				0	0						
11.	Unauthorized reinsurance offset	0	0	0	0	0						
C.	JNAUTHORIZED REINSURANCE (DEPOSITS BY AND											
	FUNDS WITHHELD FROM)											
12.	Funds deposited by and withheld from (F)	0	0	0	0	0						
13.	Letters of credit (L)	0	0	0	0	0						
14.	Trust agreements (T)	0	0	0	0	0						
15.	Other (O)	0	0	0	0	0						

SCHEDULE S-PART 6

Restatement of Balance Sheet to Identify Net Credit For Ceded Reinsurance

	nestatement of balance sheet to identify Net of	1	2	3
		As Reported (net of ceded)	Restatement Adjustments	Restated (gross of ceded)
	ASSETS (Page 2, Col. 3)			
1.	Cash and invested assets (Line 10)	14,394,807		14,394,807
2.	Accident and health premiums due and unpaid (Line 12)	0		0
3.	Amounts recoverable from reinsurers (Line 13.1)	0		0
4.	Net credit for ceded reinsurance	XXX	0	0
5.	All other admitted assets (Balance)	. 12,819		12,819
6.	Total assets (Line 26)	14,407,626	0	14,407,626
	LIABILITIES, CAPITAL AND SURPLUS (Page 3)			
7.	Claims unpaid (Line 1)	0	0	0
8.	Accrued medical incentive pool and bonus payments (Line 2)	0		0
9.	Premiums received in advance (Line 8)	0		0
10.	Reinsurance in unauthorized companies (Line 18)	0		0
11.	All other liabilities (Balance)	. 1,875,589		1,875,589
12.	Total liabilities (Line 22)	1,875,589	0	1,875,589
13.	Total capital and surplus (Line 30)	. 12,532,037	XXX	12,532,037
14.	Total liabilities, capital and surplus (Line 31)	14,407,626	0	14,407,626
	NET CREDIT FOR CEDED REINSURANCE			
15.	Claims unpaid	0		
16.	Accrued medical incentive pool	0		
17.	Premiums received in advance	0		
18.	Reinsurance recoverable on paid losses	0		
19.	Other ceded reinsurance recoverables	0		
20.	Total ceded reinsurance recoverables	0		
21.	Premiums receivable	0		
22.	Unauthorized reinsurance	0		
23.	Other ceded reinsurance payables/offsets	0		
24.	Total ceded reinsurance payable/offsets	0		
25.	Total net credit for ceded reinsurance	0		

SCHEDULE Y (continued) PART 2 - SUMMARY OF INSURER'S TRANSACTIONS WITH ANY AFFILIATES

	PART 2 - SUMMARY OF INSURER S TRANSACTIONS WITH ANY AFFILIATES											
1	2	3	4	5	6	7 Income/	8	9	10	11	12	13
NAIC Company Code	Federal ID Number	Names of Insurers and Parent, Subsidiaries or Affiliates	Shareholder Dividends	Capital Contributions	Purchases, Sales or Exchanges of Loans, Securities, Real Estate, Mortgage Loans or Other Investments		Service Contracts	Income/ (Disbursements) Incurred Under Reinsurance Agreements	*	Any Other Material Activity Not in the Ordinary Course of the Insurer's Business	Totals	Reinsurance Recoverable/ (Payable) on Losses and/or Reserve Credit Taken/(Liability)
	38 - 2513504 38 - 3291563 38 - 2242827	Preferred Health Plan					(3,181,199) (4,185,913) 7,367,112				(3,181,199) (4,185,913) 7,367,112	
60134 95844	. 38-3291563	Alliance Health and Life Insurance Co					(4, 185, 913)				(4, 185, 913)	
95844	. 38-2242827	Health Alliance Plan of Michigan					/,367,112				/,36/,112	
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9999999 C	Control Totals		0	0	0	0	0	0	XXX	0	0	0

SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

The following supplemental reports are required to be filed as part of your annual statement filing. However, in the event that your company does not transact the type of business for which the special report must be filed, your response of **NO** to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not filed for whatever reason enter SEE EXPLANATION and provide an explanation following the interrogatory questions.

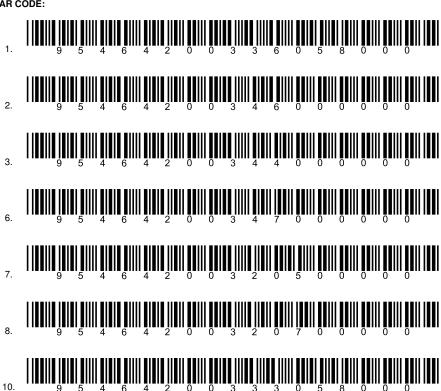
MARCH FILING

1.	Will the Medicare Supplement Insurance Experience Exhibit be filed with the state of domicile and the NAIC by March 1?	Yes	[]	No [[X]
2.	Will the Supplemental Compensation Exhibit be filed with the state of domicile by March 1?	Yes	[]	No [[X]
3.	Will an actuarial certification be filed by March 1?	Yes	[]	No [[X]
4.	Will the Risk-based Capital Report be filed with the NAIC by March 1?	Yes	[X]	No [i]
5.	Will the Risk-based Capital Report be filed with the state of domicile, if required by March 1?	Yes	[X]	No [[]
6.	Will the SVO Compliance Certification be filed by March 1?	Yes	[]	No [[X]
7.	Will the Life Supplement be filed the state of domicile and the NAIC by March 1?	Yes	[]	No [[X]
8.	Will the Property/Casualty Supplement be filed the state of domicile and the NAIC by March 1?	Yes	[]	No [[X]
	APRIL FILING					
9.	Will Management's Discussion and Analysis be filed by April 1?	Yes	[X]	No [[]
10.	Will the Long-Term Care Experience Reporting Forms be filed with the state of domicile by April 1?	Yes	[]	No [[X]
11.	Will the Investment Risks Interrogatories be filed by April 1?	Yes	[X]	No [[]
	JUNE FILING					
12.	Will an audited financial report be filed by June 1 with the state of domicile?	Yes	[X]	No [[]

EXPLANATIONS:

- 1. The Company does not have Medicare business on its books.
- 2. The Company does not have officers that it compensates.
- 3. The Company has no claims reserves on its books
- 6. The Company is not required to submit to an SVO valuation per the 2003 Forms and Instructions for required filings in Michigan as authorized by the Commissioner.
- 7. The Company does not write Life products.
- 8. The Company does not write property and casualty lines.
- 10. The Company does not write long-term care business.

BAR CODE:



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